

Iron and Steel Business

MAIN PRODUCTS AND SERVICES

- Ordinary wire rod
- Specialty steel wire rod
- Specialty steel wire
- Ordinary steel bar
- Specialty steel bar
- Heavy plate, medium plate and sheet (hot-rolled, cold-rolled, surface treated)
- Steel billets
- Steel castings and forgings
- Titanium and titanium alloys
- Steel powder
- Foundry pig iron
- Pig iron for steelmaking
- Slag products
- Stainless steel tube
- Building materials
- Specialty steel products
- Steel wire
- Wholesale electric power supply



Consisting of steel products, steel castings and forgings, titanium, steel powder and wholesale power supply business divisions, the Iron and Steel Business thoroughly maintains and strengthens *monozukuri*, or manufacturing capabilities, which focus on improvements in productivity and cost competitiveness. In tandem with this, the business promotes the global development of “Only One” products and technologies as well as a shift to areas of growing demand. In addition, Shinko Kobe Power Inc. works to maintain a stable wholesale power supply structure with a maximum power generation capacity of 1.4 million kilowatts.

Outlook for Fiscal 2010 and Key Initiatives

Compared with the previous fiscal year, the demand environment in fiscal 2010 is expected to be favorable, thanks to a recovery in demand in the manufacturing sector, chiefly for automobiles and electronics, and increased overseas demand for high-grade steel, predominantly from China. On the other hand, uncertainties remain in the environment surrounding the Iron and Steel Business. Kobe Steel faces tight supplies of and soaring prices for raw materials, against the backdrop of burgeoning demand for steel in such growth markets as China and India, and increasing steel supply capacity following the startup of new steel-works throughout Asia.

Based on these circumstances, Kobe Steel will make all-out efforts to improve profitability. These efforts will include ensuring maximum volume by expanding sales centered on Only One products and thoroughly reducing costs by expanding the use of more cost-effective raw materials.

In addition, for the portion of the raw material costs that the Company is unable to absorb, Kobe Steel will ask customers to accept higher steel prices in its endeavor to maintain profits.

Medium- to Long-Term Business Vision and Key Policies

Envisaging changes in demand structure and intensifying competition over the medium to long term, Kobe Steel is making steady efforts in global growth markets and meeting demand. The Company aims to expand profits in two ways: by promoting the creation of new products that fully utilize the Company’s Only One products and technologies, and by cultivating new areas of demand.

For steel products, to steadily tap into expanding demand in the high-end fields in which Kobe Steel excels, such as high-strength steel sheet and specialty steel, existing production plants will be expanded and reviews will be conducted with a view to establishing more overseas business bases to serve newly emerging countries and growth regions, including China and India.

In addition to maintaining the world’s No. 1 position for built-up crankshafts for ships, efforts involving steel castings and forgings will be redoubled in such growth demand fields as energy, and plans will be put in place to maintain and expand revenue and earnings.

Expanding its aircraft business and increasing its cost competitiveness efforts, the Titanium Division will establish an unshakeable position as the No. 1 integrated titanium manufacturer in Japan.

In addition to these activities, Kobe Steel will work to strengthen its *monozukuri*, or manufacturing capabilities and thoroughly pursue improved productivity and enhanced competitiveness. Furthermore, the Company will move forward on acquiring interests in raw materials and diversify its sources of procurement, making headway on measures geared toward the stable, long-term acquisition of raw materials.



Shinko Kobe Power Inc.



High-strength steel sheet for auto seat

Topics

Broader Technical Alliance with Major Austrian Steelmaker

Kobe Steel has broadened its technical alliance with voestalpine Stahl GmbH, an Austrian blast-furnace steelmaker with which it already maintains a technical alliance in the field of automotive steel sheet. Kobe Steel has now provided voestalpine with the technology to produce fingerprint-resistant electrogalvanized steel sheet. This will enable voestalpine to produce steel sheet that is fingerprint and scratch resistant, while demonstrating excellent corrosion resistance and conductivity. As production of flat-screen televisions gathers momentum in Poland, the Czech Republic and other Central European countries, a network for supplying steel sheet for home appliance products through voestalpine Stahl will be established.

Circular Steel Pipe Used Atop Tokyo Sky Tree

Japan's strongest circular steel pipe for construction use, which was jointly developed by Kobe Steel and Sasaki Pipe & Tube Co., Ltd., is being used for the tallest structure in Japan, the Tokyo Sky Tree, which is currently under construction. The circular steel pipe is being used in the gain tower on the uppermost part of Sky Tree, upon which mainly broadcast antennas will be placed. Being highly earthquake resistant, the pipe has such features as a low yield ratio, weld crack prevention, and high toughness in the weld heat affected zone. Sales will be expanded to encompass general construction applications.



Crankshaft for a ship



Circular steel pipes of the type delivered to the Tokyo Sky Tree

Welding Business



The Welding Business offers a diverse range of welding products and services, providing comprehensive welding solutions that encompass welding consumables, power sources and welding systems. While firmly maintaining its No. 1 position in the Asian market, Kobe Steel seeks to expand even further overseas, on its way to becoming a top global manufacturer in the welding industry.